

## Message Text

SECRET

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13  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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R 081100Z SEP 76  
FM AMEMBASSY PRAGUE  
TO SECSTATE WASHDC 975

S E C R E T PRAGUE 2567

EXDIS

E/O. 11652: GDS  
TAGS: PFOR, CZ  
SUBJECT: CLAIMS/GOLD

1. DURING DISCUSSION WITH AMBASSADOR ON OTHER TOPIC (SEPTTEL) HEAD OF FOREIGN MINISTRY SIXTH DEPARTMENT ZANTOVSKY TOLD AMBASSADOR SEPT 3 HE WAS PUZZLED BY RECENT STATEMENT BY DEPARTMENT'S LEGAL OFFICER TO U.S. SENATE FOREIGN RELATIONS COMMITTEE THAT THE CLAIMS/GOLD AGREEMENT IS NOT GOOD AND NEEDS TO BE IMPROVED. QUOTING CABLE FROM AMBASSADOR JOHANES, HE CALLED ATTENTION TO SCHWEBEL STATEMENT OF AUGUST 25, TEXT OF WHICH WE HAVE NOT YET SEEN BUT WHICH APPARENTLY STATED USG INTENDS TO DISCUSS AGREEMENT FURTHER WITH CZECHOSLOVAKS. ZANTOVSKY TOOK LINE THAT THIS STATEMENT SUGGESTED WE WANTED TO "RENOGIATE" AGREEMENT, WHICH FROM GOC POINT OF VIEW WAS NOT ACCEPTABLE.

2. AMBASSADOR SAID THAT HE COULD NOT TAKE EXCEPTION TO SCHWEBEL STATEMENT AS QUOTED BY ZANTOVSKY BECAUSE IT ACCURATELY REFLECTED SITUATION. WHETHER WE USED TERM "RE-NEGOTIAON" OR NOT WE HAD TO BE ABLE TO SELL THE AGREEMENT TO CONGRESS.

3. AT THIS POINT ZANTOVSKY MODERATED POSITION AND SAID IF ONLY CHANGES IN "MODALITIES" WERE REQUIRED, THAT WOULD BE ACCEPTABLE. HE POINTED OUT NEED FOR AN OFFICIAL APPROACH FROM US, SINCE HIS GOVERNMENT CANNOT NEGOTIATE WITH PRIVATE CITIZENS OR CONGRESS.

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4. ZANTOVSKY SAID SPACIL REPLY TO SCOTT WAS BEING PREPARED AND WOULD BE SENT THROUGH "APPROPRIATE CHANNELS". BY WHICH WE ASSUME HE MEANT CZECHOSLOVAK EMBASSY IN WASHINGTON.

5. CZECHOSLOVAKIA'S DESIRE TO MOVE FORWARD SOON TO A FINAL SETTLEMENT OF GOLD/CLAIMS PROBLEMS IS REFLECTED IN VIRTUALLY ALL OUR CURRENT HIGH-LEVEL CONTACTS WITH PARTY OF STATE LEADERS. IN MY AUGUST 25 MEETING WITH FEDERAL ASSEMBLY PRESIDENT (AND CZCP PRESIDUM MEMEBER) INDRA, FOR EXAMPLE, INDRA IMMEDIATELY REFERRED TO THIS ISSUE. (SEE PRAGUE 2463). HE RECALLED WITH PLEASURE THE PERIOD 1973-74 WHEN IT APPEARED A SETTLEMENT HAD BEEN REACHED AND REGRETTED THE ACTION OF U.S. SENATORS IN BLOCKING AGREEMENT--THOUGH HE DID NOT DENY SENATOR'S RIGHT TO DO SO. HE UNDERScoreD CZECHOSLOVAKIA'S DESIRE TO GET ON WITH EFFORTS TO REACH A SATISFACTORY SOLUTION. ASSERTING GOC READINESS TO MEET ANY REASONABLE PROPOSAL TO NORMALIZE RELATIONS."INDRA SUGGESTED THAT PERHAPS AFTER THE U.S. PRESIDENTIAL ELECTION, THE GOLD/CLAIMS PROBLEM MIGHT BE RESOLVED ONCE AND FOR ALL. HE THOUGHT MY "WORK AS AMBASSADOR" WOULD THEN BE GREATLY FACILITATED. HE ALSO EXPRESSED HOPE FOR CONSIDERABLE SUBSEQUENT PROGRESS IN U.SM - CZECHOSLOVAK ECONOMIC RELATIONS.

6. SIMILARLY, DURING LATE-AUGUST VISIT TO PRAGUE OF COMPTROLLER-GENERAL STAATS, HIS INTERLOCUTORS-- ESPECIALLY DEPUTY MINISTER FOF TECHNOLOGY AND INVESTMENTS ANOTNIN MRAZIK -- SWIFTLY DREW ATTENTION TO CZECHOSLOVAKIA'S OVER-RIDING PREOCCUPATION WITH THE GOLD/CLAIMS PROBLEM AS THE NUMBER-ONE OBSTACLE TO BETTER BILATERAL RELATIONS.

7. COMMENT: GOC IS CLEARLY ANXIOUS TO MOVE TOWARD FORMAL OPENING OF NEGOTIATIONS IN THE FEAR FUTURE AND APPEARS HOPEFUL THAT THE PERIOD FOLLOWING U.S. PRESIDENTIAL ELECTIONS MAY PROVE TO BE A PROPITIOUS TIME FOR AT LAST NAILING DOWN A SETTLEMENT OF THIS LONG-STANDING PROBLEM.  
BYRNE

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